

UNITED STATES DISTRICT COURT
DISTRICT OF NEW JERSEY

UNITED STATES OF AMERICA	:	Crim. No. 06-
	:	
	:	
v.	:	18 U.S.C. §§ 666(a)(2),
	:	1341, 1343, 1346, 1956 & 2
	:	
MATTHEW APPOLONIA,	:	
STEPHEN APPOLONIA and	:	
ROBERT FELDMAN	:	<u>INDICTMENT</u>

The Grand Jury in and for the District of New Jersey,
sitting in Newark, charges:

COUNTS 1-7
(Scheme to Defraud Local Governments of Honest Services,
Money and Property)

Defendants and Entities

1. Defendant MATTHEW APPOLONIA was a resident of Berkeley Heights, New Jersey, and was a part owner of International Trucks of Central Jersey ("ITCJ"), a company that sold trucks, buses, other vehicles, and vehicle equipment to county, municipal, township and borough governments (hereinafter, "local governments") and other customers. ITCJ's headquarters was in Howell, New Jersey. Its truck parts division, Air Brake & Equipment, was located in Hillside, New Jersey, and was formally incorporated as Appolonia Incorporated, T/A Automotive Brake Exchange.

2. Defendant STEPHEN APPOLONIA was a resident of Colts Neck, New Jersey, and the brother of defendant MATTHEW APPOLONIA.

Defendant STEPHEN APPOLONIA was a part owner of ITCJ, along with several others.

3. Defendant ROBERT FELDMAN was a resident of Brick Township, New Jersey, and the salesman in charge of municipal government sales for ITCJ from in or about 1999 to the present. Defendant FELDMAN received an annual salary of approximately \$40,000 and commissions that were a percentage of the profit of each vehicle that defendant FELDMAN sold.

ITCJ Doing and Seeking Business with County of Monmouth Government and Other Local Governments Within Monmouth and Ocean Counties

4. At all times relevant to Counts 1 to 7 of this Indictment, ITCJ contracted and did other business, and was seeking contracts and other business, with the County of Monmouth government and with other local governments in Monmouth and Ocean Counties, and was seeking official assistance from the officials within those local governments.

Attempt to Have Local Government Officials Steer Contracts and Other Business to ITCJ

5. At all times relevant to Counts 1 to 7 of this Indictment, one or more of the defendants attempted to have the following local government officials located in Monmouth and Ocean Counties steer or attempt to steer local government

contracts or business to ITCJ, or to otherwise favor ITCJ in connection with ITCJ's local government business:

(a) Official 1 was the Director of the Brick Township Department of Public Works ("BTDPW") and was responsible for the purchase of certain vehicles for Brick Township;

(b) Official 2 was a mechanic employed by the Borough of Seaside Heights, Department of Public Works;

(c) Official 3 was the Freeholder Director for the Monmouth County Board of Chosen Freeholders;

(d) Raymond J. O'Grady was the Director of the Central Motor Pool for the County of Monmouth overseeing the repairs and maintenance for the County's trucks and other vehicles;

(e) Anthony J. Palughi was a Monmouth County Government official, an aide to Official 3, and a friend and associate of Raymond J. O'Grady;

(f) Official 4 was a council member in the City of Long Branch;

(g) Official 5 was an elected public official in the Borough of West Long Branch; and

(h) Official 6 was a council member in the Borough of West Long Branch.

Public's Right to Honest Services from its Government Officials

6. At all times relevant to Counts 1 to 7 of this

Indictment, the County of Monmouth, Brick Township, the Borough of Seaside Heights, the City of Long Branch, and the Borough of West Long Branch, and their citizens, had an intangible right to the honest services of their public officials. These officials owed these local governments and their citizens a duty to: (A) refrain from receiving corrupt payments and benefits designed to (i) improperly affect the performance of their official duties or (ii) coax favorable official action or inaction and (B) disclose conflicts of interest pertaining to their direct and indirect personal gain and other material information in official matters over which they exercised authority and official discretion.

Scheme and Artifice to Defraud Public of Honest Services

7. From in or about 1997 to in or about February 2005, in Monmouth, Ocean, Union, Middlesex, and Atlantic Counties, in the District of New Jersey, and elsewhere, defendants

**MATTHEW APPOLONIA,
STEPHEN APPOLONIA and
ROBERT FELDMAN**

and others knowingly and willfully did devise and intend to devise a scheme and artifice to defraud local governments including Monmouth County, Brick Township, the Borough of Seaside Heights, the City of Long Branch, and the Borough of West Long Branch and their citizens of the right to their local government officials' honest services in the affairs of these local

governments and of money and property by means of materially false and fraudulent pretenses, representations and promises.

8. The object of this scheme and artifice to defraud was for defendants MATTHEW APPOLONIA, STEPHEN APPOLONIA and ROBERT FELDMAN to offer and give concealed corrupt payments and benefits to Monmouth County and other local government officials to steer local government vehicle and other purchases to ITCJ, to secretly, in many instances, charge the costs of corrupt payments and benefits back to the local governments through the costs of the vehicle sales and other purchases, and to conceal this material information from these local governments and the public.

Concealed Payments and Benefits to Official 1

9. It was part of this scheme and artifice to defraud that:

a. In or about 1997 to 1998, Official 1 caused five vehicles to be purchased for the BTDPW from ITCJ. In or about mid-1998, at a restaurant in Bradley Beach, New Jersey, defendant STEPHEN APPOLONIA gave Official 1 a \$2,500 corrupt cash payment concealed in a cigar tube to reward Official 1 for these vehicle purchases.

b. In or about 2002, at a restaurant in Howell, New Jersey, defendant STEPHEN APPOLONIA gave Official 1 a \$500

corrupt cash payment concealed in a cigarette pack for the purpose of securing future vehicle sales in Brick Township.

c. From in or about June 2002 to in or about August 2004, defendants STEPHEN APPOLONIA and ROBERT FELDMAN provided Official 1 entertainment and trips to attend boat races in Canada and Ocean County, New Jersey, and elsewhere, as a reward for maintaining ITCJ as a vendor for Brick Township and to influence Official 1 to steer future sales to ITCJ. Defendant ROBERT FELDMAN instructed Official 1 not to disclose the benefits that Official 1 was receiving from the defendants to anyone else. Between in or about May 2002 and in or about September 2003, the BTDPW purchased approximately four vehicles from ITCJ, in sales that had been brokered by defendant ROBERT FELDMAN. Defendants STEPHEN APPOLONIA, MATTHEW APPOLONIA, and ROBERT FELDMAN built in excess of \$2,200 in expenses associated with the trips into the sales costs of two of the vehicles sold to the BTDPW.

Concealed Payment to Official 2

10. It was a further part of this scheme and artifice to defraud that in or about 1999, in the Borough of Seaside Heights, New Jersey, defendant MATTHEW APPOLONIA gave a corrupt cash payment of approximately \$1,200 to Official 2 concealed inside a cigarette box for Official 2's attempts to influence the Seaside Heights DPW to purchase vehicles and equipment from ITCJ. In or

about July 1999, the Borough of Seaside Heights purchased a vehicle from ITCJ, in a deal brokered by defendant MATTHEW APPOLONIA.

Concealed Benefits to Official 3

11. It was a further part of this scheme and artifice to defraud that:

a. From in or about September 2001 to in or about February 2005, in Monmouth County, New Jersey, defendants STEPHEN APPOLONIA and MATTHEW APPOLONIA gave significant free services and substantial discounts to Official 3 in connection with the repair of, and services rendered to, vehicles involved in Official 3's private business in consideration for Official 3 exercising official influence in Monmouth County and other local government matters involving ITCJ.

b. To recoup the payout of the corrupt benefits to Official 3's company, defendants MATTHEW APPOLONIA and STEPHEN APPOLONIA regularly included the charges for the corrupt benefits in the sales costs of vehicles purchased by Monmouth County.

c. Between in or about January 2005 and in or about February 2005, in view of a local law-enforcement investigation involving ITCJ, among others, defendants STEPHEN APPOLONIA and MATTHEW APPOLONIA attempted to secure some payment from Official 3 to conceal the fact that defendants STEPHEN APPOLONIA and

MATTHEW APPOLONIA had provided free services and substantial discounts to Official 3's private business so that they could, according to defendant STEPHEN APPOLONIA, make their dealings with Official 3's private business look more "realistic, God forbid anybody looks" and "legitimate." Consequently, on or about February 15, 2005, Official 3 authorized a \$5,110.51 check written from his private business account to Air Brake Exchange as a token payment for the numerous outstanding invoices.

Concealed Payments to O'Grady and Palughi

12. It was a further part of this scheme and artifice to defraud that:

a. Between in or about at least 2001 and in or about December 2004, defendant MATTHEW APPOLONIA gave corrupt cash payments to Raymond J. O'Grady and Anthony J. Palughi of up to approximately \$2,000 per occurrence in exchange for their official assistance in Monmouth County government matters as specific opportunities arose, including ordering unnecessary equipment and supplies from ITCJ, approving the payment of inflated or false charges from ITCJ, and obtaining Official 3's assistance. Defendant MATTHEW APPOLONIA made these corrupt payments at certain locations in New Jersey, including ITCJ's Hillside office.

b. Between in or about October 2004 and in or about

December 2004, defendant STEPHEN APPOLONIA suggested that Raymond J. O'Grady create a backdated invoice for payment from the County of Monmouth to ITCJ of at least approximately \$6,000, so that the County of Monmouth would have to pay for the repairs for the transmission of a vehicle that the County already had traded back to ITCJ. In exchange for this action, defendant STEPHEN APPOLONIA paid Raymond J. O'Grady approximately \$2,000 in cash directly and indirectly through Anthony J. Palughi.

c. Between in or about January 2005 and in or about February 2005, in Howell Township and elsewhere, defendant STEPHEN APPOLONIA stated that he could potentially recoup the cost of the transmission by attempting to "bury" that cost in another ITCJ invoice pertaining to the repair of a different vehicle for Monmouth County. Defendant STEPHEN APPOLONIA also agreed that Raymond J. O'Grady would be in a position to assist in recouping the cost of this transmission once a local law-enforcement investigation involving ITCJ and others had ceased. Defendant STEPHEN APPOLONIA also indicated that defendant MATTHEW APPOLONIA would not continue the payment arrangement with Raymond J. O'Grady until after the local investigation had calmed down. Until then, defendant STEPHEN APPOLONIA advised that defendant MATTHEW APPOLONIA would stay away from Raymond J. O'Grady to conceal the corrupt-payment arrangement.

Concealed Payments to Official 4

13. It was a further part of this scheme and artifice to defraud that:

a. In or about August 2001, defendant MATTHEW APPOLONIA gave a corrupt cash payment of approximately \$300 to \$500 to Official 4 in a bar in Eatontown, New Jersey for Official 4's assistance in influencing the City of Long Branch to purchase ITCJ vehicles. The City of Long Branch subsequently purchased two ITCJ vehicles, between in or about January 2002 and in or about July 2002.

b. In or about November 2002, defendant MATTHEW APPOLONIA gave a corrupt cash payment of approximately \$500 to Official 4 in a bar in Atlantic City, New Jersey for Official 4's assistance in influencing the City of Long Branch to purchase ITCJ vehicles.

c. In or about February 2004, defendant MATTHEW APPOLONIA gave a corrupt cash payment of approximately \$300 to Official 4 in a bar in Sayreville, New Jersey for Official 4's assistance in influencing the City of Long Branch to purchase ITCJ vehicles. The City of Long Branch purchased three ITCJ vehicles, between in or about July 2003 and in or about May 2004.

Concealed Payments to Official 5

14. It was a further part of this scheme and artifice to

defraud that, in or about 2002, on separate occasions, defendant MATTHEW APPOLONIA gave two corrupt cash payments, totaling approximately \$800, at a rest stop on the Garden State Parkway in Union, New Jersey, to Official 5 to influence the Borough of West Long Branch to purchase ITCJ vehicles.

Concealed Payment to Official 6

15. It was a further part of this scheme and artifice to defraud that, in or about July 2002, in Middletown, New Jersey, defendant MATTHEW APPOLONIA gave a corrupt cash payment of approximately \$500 to Official 6 in an attempt to obtain Official 6's assistance in influencing the Borough of West Long Branch to purchase ITCJ vehicles.

Acts of Concealment

16. It was a further part of this scheme and artifice to defraud that defendants MATTHEW APPOLONIA, STEPHEN APPOLONIA and ROBERT FELDMAN and others concealed and attempted to conceal the giving and receipt of these corrupt payments and benefits and other material information from these local governments and the public by, among other things:

- a. giving and receiving payments in cash to avoid an audit trail;
- b. secreting cash payments in unobtrusive containers such as cigar tubes;

- c. instructing others not to disclose these payments and benefits;
- d. not disclosing these payments and benefits on financial disclosure statements for local government officials publicly filed with the State of New Jersey, Department of Community Affairs, Local Finance Board in Trenton, New Jersey;
- e. not disclosing to the local governments that certain expenses associated with these payments and benefits were part of the sales costs of the vehicles;
- f. attempting to cover up the corrupt benefits from law-enforcement detection by receiving back partial payment; and
- g. planning to backdate documents.

Mailings and Wire Communication in Furtherance

17. On or about the dates listed below, in Monmouth, Ocean, and Union Counties, in the District of New Jersey, and elsewhere, for the purpose of executing and attempting to execute the scheme and artifice to defraud, defendants

**MATTHEW APPOLONIA,
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and others, knowingly and willingly placed and caused to be placed in a post office and authorized depository for mail, and caused to be delivered thereon, certain mail matter, to be delivered by the United States Postal Service, and transmitted and caused to be transmitted in interstate commerce by means of wire communications certain signs, signals and sounds as described below:

<u>Count</u>	<u>Date</u>	<u>Mailing or Wire Communication</u>
1	April 30, 2003	False financial disclosure statement for reporting year 2002 of Official 1 mailed to Local Finance Board, Trenton, N.J. (mailing)
2	May 1, 2003	False financial disclosure statement for reporting year 2002 of Official 5 mailed to Local Finance Board, Trenton, N.J. (mailing)
3	May 19, 2003	False financial disclosure statement for reporting year 2002 of Official 4 mailed to Local Finance Board, Trenton, N.J. (mailing)
4	June 10, 2003	Purchase order #61801 mailed from Township of Brick to ITCJ, Howell, N.J. (mailing)
5	October 9, 2003	A check written on defendant ROBERT FELDMAN's bank account mailed to American Express in Newark, N.J. to pay for the costs of Canada trip involving Official 1 (mailing)
6	September 29, 2004	An America OnLine ["AOL"] e-mail from defendant STEPHEN APPOLONIA to defendant MATTHEW APPOLONIA regarding transmission repair backdated invoice (wire)
7	February 15, 2005	A check written on Official 3's business account mailed to Air Brake Exchange/ITCJ in Howell, N.J. (mailing)

In violation of Title 18, United States Code, Sections 1341, 1343, 1346 and 2.

COUNTS 8-14
(Offering and Giving Corrupt Payments)

1. Paragraphs 1 to 5, 9, and 12 to 15 of Counts 1 to 7 of this Indictment are hereby incorporated and realleged as if set forth fully herein.

2. At all times relevant to Counts 8 to 14 of this Indictment, the local governments set forth below each received in excess of \$10,000 in federal assistance in a one-year period.

3. At all times relevant to Counts 8 to 14 of this Indictment, defendants MATTHEW APPOLONIA and STEPHEN APPOLONIA sold and were attempting to sell vehicles, other equipment and items, and services to the local governments that cost \$5,000 or more.

4. In or about the dates and at the locations set forth below, in the District of New Jersey, and elsewhere, defendants set forth below did knowingly, willfully, and corruptly give, offer, and agree to give to agents of the local governments set forth below things of value, namely, cash payments as set forth below, intending to influence and reward the local government agents, in connection with a business, transaction, and series of transactions of the local governments involving things of value of \$5,000 or more:

COUNT	DATE	LOCATION	DEFENDANT	AMOUNT (APPROX.)	LOCAL GOV'T
8	August 2001	Eatontown, N.J.	MATTHEW APPOLONIA	\$300 to \$500	City of Long Branch

9	2002	Howell, N.J.	STEPHEN APPOLONIA	\$500	Brick Township
10	2002	Garden State Parkway rest stop, Union, N.J.	MATTHEW APPOLONIA	\$800	Borough of West Long Branch
11	July 30, 2002	Middletown, N.J.	MATTHEW APPOLONIA	\$500	Borough of West Long Branch
12	November 2002	Atlantic City, N.J.	MATTHEW APPOLONIA	\$500	City of Long Branch
13	February 2004	Sayreville, N.J.	MATTHEW APPOLONIA	\$300	City of Long Branch
14	Oct. 2004 to Dec. 2004	Howell, N.J.	STEPHEN APPOLONIA	\$2,000	Monmouth County

In violation of Title 18, United States Code, Sections
666(a)(2) and 2.

COUNTS 15-17

(Scheme to Defraud Neptune Township of Money and Property and a Vehicle Services Company of Honest Services)

1. Paragraphs 1 to 5 of Counts 1 to 7 of this Indictment are hereby incorporated and realleged as if set forth fully herein.

2. At all times relevant to Counts 15 to 17 of this Indictment, there was a general manager of a vehicle services company with offices in New Jersey, who, by contract, was responsible for overseeing and supervising the maintenance of all government vehicles for Neptune Township (hereinafter, the "GM"). The GM also assisted the Neptune Township Department of Public Works ("NTDPW") with drafting specifications for new vehicles, accepting new vehicles and ensuring that Neptune Township had received the vehicles and other equipment that it had ordered.

3. At all times relevant to Counts 15 to 17 of this Indictment, the vehicle services company had an intangible right to the honest services of the GM. The GM owed the vehicle services company a duty to: (A) refrain from receiving payments and benefits as consideration for knowingly violating or agreeing to violate the GM's duty of fidelity to the vehicle services company as an employee and (B) disclose conflicts of interest pertaining to the GM's direct and indirect personal gain and other material information to the vehicle services company in matters involving the GM's employment with the vehicle services

company.

4. From in or about August 2001 to in or about March 2005, in Monmouth, Ocean, and Union Counties, in the District of New Jersey and elsewhere, defendants

**MATTHEW APPOLONIA,
STEPHEN APPOLONIA and
ROBERT FELDMAN**

knowingly and willfully did devise and intend to devise a scheme and artifice to defraud Neptune Township of money and property and the vehicle services company of its right to the GM's honest services in the affairs of the vehicle services company by means of materially false and fraudulent pretenses, representations and promises.

5. The object of this scheme and artifice to defraud was for defendants MATTHEW APPOLONIA, STEPHEN APPOLONIA and ROBERT FELDMAN to offer and give concealed payments and other benefits to the GM in consideration for his breach of his duty of fidelity to the vehicle services company, to substantially recoup these illegal payments by falsely billing Neptune Township, and to conceal material information from the vehicle services company and Neptune Township.

Concealed Payments and Benefits to the GM

6. It was part of this scheme and artifice to defraud that:

a. Between in or about August 2001 and in or about April 2002, defendant ROBERT FELDMAN brokered the sale of three commercial trucks from ITCJ to the NTDPW. On each of the three truck's respective profit and loss summary, defendants MATTHEW APPOLONIA, STEPHEN APPOLONIA, and ROBERT FELDMAN caused a profit and loss summary (internal cost sheet) to be generated, listing the line item costs for each truck, including the sale price and the salesman's commission. ITCJ listed a \$500 "consultation fee" as an expense included in the price of each truck which they used to pay the GM.

b. Subsequently, defendant ROBERT FELDMAN informed the GM that defendant STEPHEN APPOLONIA wanted to thank the GM for his assistance in securing the sale of the ITCJ truck to NTDPW. Defendant ROBERT FELDMAN directed the GM to create a false and fraudulent invoice from the GM's landscaping business in the amount of \$1,500 to conceal the true purpose of the payment to the GM. In or about July 2002, defendant ROBERT FELDMAN received an invoice from the GM for landscaping services that had never been performed. On or about July 30, 2002, defendant STEPHEN APPOLONIA caused a \$1,500 check from ITCJ to be issued to the GM's landscaping company. Defendant ROBERT FELDMAN delivered the check to the GM. On or about August 9, 2002, the GM caused this \$1,500 check to be deposited into the GM's landscaping company's bank account.

c. Between in or about September 2003 and in or about April 2004, defendant ROBERT FELDMAN brokered the sales to the NTDPW of at least five commercial trucks from ITCJ. In or about April 2004, defendant ROBERT FELDMAN directed the GM to create another false and fraudulent invoice from the GM's landscaping company or GM's relative's company for approximately \$5,000 to reward the GM for the GM's assistance in securing the sale of the ITCJ trucks to the NTDPW and to influence the GM to support ongoing purchases of ITCJ vehicles. In or about April 2004, defendant ROBERT FELDMAN received an invoice from the GM for landscaping services that the GM had never performed. On or about April 20, 2004, defendant STEPHEN APPOLONIA caused a \$1,001.25 check from ITCJ to be issued to a landscaping company operated by the GM's relative. Defendant ROBERT FELDMAN delivered the check to the GM and the GM negotiated the check on or about May 18, 2004, and kept the money for himself. On or about May 6, 2004, defendant STEPHEN APPOLONIA caused a \$4,000 check to be issued to the GM or the GM's relative's landscaping company for landscaping services that had never been performed. Defendant ROBERT FELDMAN delivered this \$4,000 check to the GM. The GM deposited the check into his personal bank account on or about June 3, 2004.

d. Between in or about August 2004 and in or about March 2005, defendant ROBERT FELDMAN brokered the sale of two

additional commercial trucks from ITCJ to Neptune Township. For each of the seven trucks purchased by the NTDPW between in or about September 2003 and in or about March 2005, defendants MATTHEW APPOLONIA, STEPHEN APPOLONIA and ROBERT FELDMAN included an additional \$1,000 line item per truck in the sales costs of these vehicles listing this cost as a "consultation fee" on ITCJ sales documents. In so doing, defendants MATTHEW APPOLONIA, STEPHEN APPOLONIA and ROBERT FELDMAN sought to substantially recoup the corrupt payments that were made to the GM.

7. On or about the dates listed below, in Monmouth County, in the District of New Jersey, and elsewhere, for the purpose of executing and attempting to execute the scheme and artifice to defraud, defendants

**MATTHEW APPOLONIA,
STEPHEN APPOLONIA and
ROBERT FELDMAN**

and others, knowingly and willingly placed and caused to be placed in a post office and authorized depository for mail, and caused to be delivered thereon, certain mail matter, to be delivered by the United States Postal Service as described below:

<u>Count</u>	<u>Date</u>	<u>Mailing</u>
15	September 12, 2001	Purchase Order #212100 mailed from Township of Neptune to ITCJ, Howell, N.J.
16	October 31, 2003	Purchase Order #232542 mailed from Township of Neptune to ITCJ, Howell, N.J.

17	April 12, 2004	Letter mailed from Township of Neptune to Monmouth County Improvement Authority, Freehold, N.J.
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In violation of Title 18, United States Code, Sections 1341, 1346 and 2.

COUNT 18
(Money Laundering)

1. Paragraph 2 of Counts 1 to 7 of this Indictment is hereby incorporated and realleged as if set forth fully herein.

2. At all times relevant to this Indictment:

a. The Cooperating Witness ("CW") was an individual who held himself out as having a construction and demolition business and being involved in illegal loansharking, the sale of purportedly stolen and counterfeit goods, and money laundering, with CW's business operation being located primarily in the State of Florida;

b. Two Federal Bureau of Investigation agents acting in undercover capacities ("UC-1" and "UC-2" or, collectively, the "UCs") held themselves out as employees of CW's purportedly legitimate and illegal businesses;

c. The Union Center National Bank, having offices in New Jersey, was a financial institution (i) whose deposits were insured by the FDIC and (ii) that was engaged in, and whose activities affected, interstate commerce.

3. On or about November 5, 2004, defendant STEPHEN APPOLONIA entered into a financial transaction with the UCs at ITCJ's Howell office that was designed to launder proceeds of CW's purported loansharking activity. Specifically, defendant STEPHEN APPOLONIA obtained \$25,000 in cash from the UCs which the UCs represented to be the proceeds of loansharking activity.

Defendant STEPHEN APPOLONIA gave the UCs two checks issued from a bank account at the Union Center National Bank, Union, New Jersey, totaling \$22,500 in exchange for the cash, thereby providing defendant STEPHEN APPOLONIA with a 10% fee for laundering the purported loansharking proceeds.

4. On or about November 5, 2004, in Monmouth County, in the District of New Jersey and elsewhere, defendant

STEPHEN APPOLONIA

with the intent to conceal and disguise the nature, location, source, ownership, and control of property believed to be the proceeds of specified unlawful activity, conducted and attempted to conduct a financial transaction involving property represented by the UCs and CW to be the proceeds of specified unlawful activity, and property used to conduct and facilitate specified unlawful activity.

In violation of Title 18, United States Code, Sections 1956(a)(3) and 2.

COUNT 19
(Money Laundering Conspiracy)

1. Paragraph 2 of Counts 1 to 7 and paragraphs 2(a) and (b) of Count 18 of this Indictment are hereby incorporated and realleged as if set forth fully herein.

2. The Unity Bank, having offices in New Jersey, was a financial institution (i) whose deposits were insured by the FDIC and (ii) that was engaged in, and whose activities affected, interstate commerce.

3. On or about November 5, 2004, at the ITCJ offices in Howell, defendant STEPHEN APPOLONIA informed the UCs that a friend (hereinafter "the Co-conspirator") was interested in laundering CW's loansharking proceeds.

4. On or about November 11, 2004, defendant STEPHEN APPOLONIA, the Co-conspirator, and the UCs met at a restaurant in Howell. The Co-conspirator accepted \$20,000 in cash from the UCs purported to be the proceeds of loansharking activity, and provided the UCs with a check for \$18,000 issued from a bank account at Unity Bank, headquartered in Clinton, New Jersey. Defendant STEPHEN APPOLONIA requested and received a \$1,000 referral fee for setting up this laundering deal. Defendant STEPHEN APPOLONIA also stated that for future money laundering deals involving the Co-conspirator, the 10% commission would be divided, with defendant STEPHEN APPOLONIA receiving 3% and the Co-conspirator receiving the remaining 7%.

5. In or about December 2004, defendant STEPHEN APPOLONIA informed UC-1 that the money laundering transactions with the Co-conspirator needed to be completed within 90 days. Defendant STEPHEN APPOLONIA also indicated that the amount of money that the Co-conspirator sought to launder with the UCs had tripled.

6. On or about January 13, 2005, defendant STEPHEN APPOLONIA met with UC-1 at a restaurant in Freehold, New Jersey where defendant STEPHEN APPOLONIA explained that the Co-conspirator wanted to launder more than \$700,000 with the UCs at a rate of \$100,000 per week and that the Co-conspirator wanted to launder \$100,000 on January 17, 2005.

7. On or about January 17, 2005, defendant STEPHEN APPOLONIA and the Co-conspirator met the UCs at a restaurant in Freehold, New Jersey. The Co-conspirator received \$100,000 from the UCs in cash purported to be the proceeds of loansharking activity, and the Co-conspirator provided them with a \$93,000 check dated December 20, 2004 from his company issued from a bank account at Unity Bank. The Co-conspirator also instructed the UCs that the Co-conspirator would need a phony invoice in the amount of \$326,450 and provided them with a piece of paper detailing what that invoice should state regarding services allegedly performed by the UCs' business. Defendant STEPHEN APPOLONIA obtained \$3,000 in cash from the UCs as his portion of the commission for this transaction.

8. On or about January 20, 2005, defendant STEPHEN APPOLONIA and the Co-conspirator met the UCs at a restaurant in Marlboro, New Jersey to consummate a \$50,000 money laundering transaction. During the meeting, the Co-conspirator received \$50,000 in cash in purported loansharking proceeds from the UCs, and the Co-conspirator gave the UCs a \$46,500 check dated January 20, 2005 from his company issued from a bank account at Unity Bank. The Co-conspirator also received a fraudulent invoice dated December 31, 2004 in the amount of \$326,450 which the UCs had created at the Co-conspirator's direction. Upon the conclusion of the meeting, defendant STEPHEN APPOLONIA received \$1,500 from UC-1 as his portion of the commission for this transaction.

9. On or about February 4, 2005, defendant STEPHEN APPOLONIA and the Co-conspirator met the UCs at a restaurant in Howell, New Jersey to complete another money laundering transaction of \$100,000. Upon receiving the \$100,000 in purported loansharking proceeds, the Co-conspirator provided two checks totaling \$93,000, both issued from bank accounts at Unity Bank. One check, which was dated December 23, 2004, was drawn on a bank account for the Co-conspirator's company in the amount of \$75,000. The other check, which was dated October 17, 2004 in the amount of \$18,000, was drawn on a bank account for another of the Co-conspirator's companies. The Co-conspirator also provided

the UCs with a handwritten note instructing the UCs what to write on a phony invoice that the Co-conspirator expected to be prepared regarding purported construction work performed by the UCs. Defendant STEPHEN APPOLONIA was provided \$3,000 as his fee for this transaction.

10. On or about February 16, 2005, defendant STEPHEN APPOLONIA and the Co-conspirator met the UCs at a restaurant in Freehold, New Jersey to complete another money laundering transaction of \$100,000. During the meeting, the Co-conspirator received \$100,000 in cash in purported loansharking proceeds from the UCs in exchange for a check from his company totaling \$93,000 issued from a bank account at Unity Bank. Defendant STEPHEN APPOLONIA received \$3,000 in cash from the UCs as his portion of the fee for this transaction.

11. From in or about November 2004 to in or about February 2005, in Monmouth County, in the District of New Jersey, and elsewhere, defendant

STEPHEN APPOLONIA

and the Co-conspirator and others, knowingly, willfully, and with intent to conceal and disguise the nature, location, source, ownership, and control of property believed to be the proceeds of specified unlawful activity, conspired and agreed to conduct financial transactions affecting interstate commerce and involving the use of financial institutions engaged in interstate

commerce, specifically, providing checks in return for U.S. currency represented by the UCs and CW to be the proceeds of specified unlawful activity, contrary to Title 18, United States Code, Section 1956(a)(3).

In violation of Title 18, United States Code, Section 1956(h).

FOREPERSON

CHRISTOPHER J. CHRISTIE
UNITES STATES ATTORNEY